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As We See It: Budget reform needed before health care reform

Sentinel Staff Report

Gov. Schwarzenegger had grand plans.

He sought a sweeping overhaul of the state's sorry health care system.

The \$14.9-billion-a-year proposal put forth by the governor and Democratic Assembly Speaker Fabian Nuñez sought to extend benefits to millions of uninsured Californians.

Financed by federal funds, private employers, a tobacco tax and levies on hospitals, Schwarzenegger's experiment was seen as a possible model for the nation.

It was also a fool's venture, and we thank the state Senate Health Committee, which on Monday had the good sense to can the plan. A better legacy for Schwarzenegger would be for him to fix the feast-or-famine mess that is the California budget, which doomed his proposal from the start.

There are huge hurdles facing California health care reform. Getting insurance companies, labor unions, doctors, nurses, even immigration foes on the same page will be Herculean.

We give the governor and speaker credit for diving in. We endorse their notion of "shared sacrifice" among stakeholders. We align ourselves with those who believe it is a disgrace that millions of Californians live in fear of illness because they worry they will be unable to foot the bill to get better.

But it's hard not to think the governor knew his plan was a fiscal pipe dream. The committee hearings revealed the proposal leaned heavily on best-case financial scenarios that, if slightly off, promised billions in unanticipated costs. If, or when, that happened, Californians would be left holding the bag. And all this while the state faces a roughly \$14 billion budget shortfall, one the governor aims to tackle with across-the-board department cuts up to 10 percent, including cuts to existing health care programs.

Yes, the national economy teeters, but this latest dead end for health care reform is not simply a case of bad timing.

The state budget is a mess. The mismatch between revenue and expenses created by a backward tax code guarantees fiscal problems in all but the most robust economic years. State coffers are too dependent on volatile personal income, and loony budget rules tie the hands of legislators, limiting accountability and guaranteeing money to this program and that.

We'd like to see the governor put his I-won't-take-no-for-an-answer-on-health-care sound bites to rest and get started on the budgetary reforms that he arrived in office promising.

Once we straighten that mess, we can move on to the reforms the health care system so desperately needs.